



STATE OF IOWA

TERRY E. BRANSTAD
GOVERNOR

SUSAN E. VOSS
COMMISSIONER OF INSURANCE

KIM REYNOLDS
LT. GOVERNOR

May 6, 2011

Gary Cohen
Acting Director, Office of Oversight
Department of Health & Human Services
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail C2-21-15
Baltimore, MD 21244-1850

RE: Iowa's Request for Adjustment to Medical Loss Ratio Standard

Dear Acting Director Cohen:

This letter will respond to your request of April 19, 2011 for additional information in order to complete Iowa's application for an adjustment to the medical loss ratio standard.

Information pertaining to Iowa's individual marketplace as requested in **Items 1[Enrollees], 2[Final Values], 3 and 5[Rebates]** are provided in the attached Excel spreadsheet.

Item 4: Please indicate any limitations on eligibility, enrollment periods, and coverage for pre-existing conditions for the Iowa Comprehensive Health Association/HIPIOWA, as required by 45 CFR §158.321(c).

Eligibility

Residents with qualifying medical conditions, who are federally eligible and who have been rejected for coverage are eligible for coverage. Individuals who are not eligible include those who:

- Have terminated coverage in HIPIOWA within the last 12 months, unless the individual can show continuous other coverage which has been involuntarily terminated for any reason other than nonpayment of premiums; (This does not apply to HIPAA Eligible or TAA Eligible Individuals)
- Have been paid the maximum allowable benefits payable under this program;
- Are non-residents of the state of Iowa;
- Are inmates of a public institution (This does not apply to HIPAA Eligible or TAA Eligible Individuals);
- Are eligible for a group plan through an employer; or
- Are eligible for public programs for which the individual premiums are paid for or reimbursed under any government sponsored program or by any government agency or health care provider.

Enrollment periods

Continuous enrollment with annual renewal is available to participants in Iowa Comprehensive Health Association/HIPIOWA. Policies will be renewed each time the required premium payment is made. Coverage will terminate on the date when the Iowa statutes require cancellation of the policy or when the individual:

- Is no longer eligible for coverage under the Iowa Comprehensive Health Association;
- Is no longer a resident of the state of Iowa;
- Fails to respond within 30 days to an inquiry about place of residence;
- Becomes eligible for Medicare based upon age; or
- Becomes eligible for public programs for which medical care is provided.

Coverage for pre-existing conditions

The benefits under the Iowa Comprehensive Health Association are not payable for any pre-existing injury or sickness for the first 6 months following the policy date. Pre-existing injury or sickness means an injury or sickness for which medical advice or treatment was recommended by or received from a physician within the 6 month period prior to the policy date. HIPIOWA will only pay for expenses incurred after such 6 month period. Payment will be in accordance with the provisions of the policy. This limitation does not apply to federally eligible individuals or individuals with prior creditable coverage.

I trust this information will suffice in determining whether Iowa's application for adjustment is complete.

Sincerely,

A handwritten signature in cursive script that reads "Angela Burke Boston".

Angela Burke Boston
Assistant Commissioner

Attachments

Issuer	Number of Enrollees	Premium Data	Share of state individual market
American Family Mutual Ins Co	1,482	5,191,216	1.1%
American Republic Insurance Co	1,185	3,223,616	0.7%
Coventry Health Care of Iowa	5,116	6,662,605	1.4%
Golden Rule Insurance Co	8,185	15,058,608	3.3%
Reserve National Insurance Co	1,052	1,984,116	0.4%
Time Insurance Company	8,196	20,651,421	4.5%
Wellmark Inc.	148,913	387,723,121	84.4%
Rest of market	7,864	19,021,505	4.1%
Total	181,993	459,516,208	100.0%

Issuer	Earned Premium	Reported MLR	Preliminary PPACA MLR	Total Commissions	* Estimated Individual Market Rebate	Net Underwriting Profit	After-tax Profit for Individual Market	After-tax Profit Margin Individual Market	RBC Level	Provided Notice of Exit
American Family Mutual Ins Co	5,191,216	79.80%	79.8%	248,109	10,589	(200,769)	(200,769)	-3.87%	854.38%	No
American Republic Insurance Co	3,223,616	37.58%	40.2%	278,823	1,282,999	550,391	446,002	13.84%	1685.50%	No
Coventry Health Care of Iowa	6,662,605	56.78%	57.7%	915,442	1,482,539	312,938	312,938	4.70%	515.30%	No
Golden Rule Insurance Co	15,058,608	60.08%	65.0%	1,531,926	2,258,791	1,742,274	1,742,274	11.57%	654.25%	No
Reserve National Insurance Co	1,984,116	62.6%	64.6%	301,376	117,340	(63,769)	(13,076)	-0.7%	922%	No
Time Insurance Company	20,651,421	79.21%	71.0%	2,048,437	**	(95,523)	(287,380)	-1.39%	594.50%	No
Wellmark Inc.	387,723,121	91.64%	91.8%	24,401,507		(24,441,909)	(19,158,769)	-4.94%	783.58%	No

* Based upon preliminary MLR from the Supplemental Health Care Exhibit and 80% (no increase in claims or premiums) || See 'Rebates' worksheet tab for additional projections
** Had negative Federal Taxes and federal assessments of approximately 3 million.

Estimate of rebates

Under the 80% MLR	2011	2012	2013
American Family Mutual Ins Co	0	0	0
American Republic Insurance Co *	1,192,000	967,000	741,000
Coventry Health Care of Iowa	999,391	333,130	0
Golden Rule Insurance Co *	1,656,447	119,647	
Reserve National Insurance Co	117,000	165,000	192,000
Time Insurance Company	0	0	0
Wellmark Inc.	0	0	0

Phase-in: 60%, 70% and 75%	2011	2012	2013
American Family Mutual Ins Co	0	0	0
American Republic Insurance Co *	548,000	645,000	580,000
Coventry Health Care of Iowa	0	0	0
Golden Rule Insurance Co *	0	0	0
Reserve National Insurance Co			95,000
Time Insurance Company	0	0	0
Wellmark Inc.	0	0	0

* Assumed a no growth premium and a 15% increase in claims per year due to adverse selection.
Also, assumes no change in business plan which is likely not to be the case.
Reserve National figures taken from data call